CalPERS
California Public Employees' Retirement System
External Affairs Branch • Office of Public Affairs
(916) 795-3991 phone • (916) 795-3507 fax
www.calpers.ca.gov

FACT SHEET: GENERAL

Retiree Cost-of-Living (COLA) Changes 2011

HOW A COLA WORKS

- The Retirement Law provides for the payment of an annual cost-of-living adjustment (COLA) to be paid each May. However, your COLA cannot be greater than the actual national rate of inflation. The law requires that CalPERS use of the All Urban Consumer Price Index, U.S. City Average, 1967 Base Year to calculate yearly inflation figures (supplied by the U.S. Department of Labor's Bureau of Labor Statistics).

DECREASE IN COLA BENEFIT IN 2011 DUE TO INFLATION

- The annual inflation rate used to calculate COLAs this year is 1.6%.
- In May 2011, most retired members will get either a 2% or 1.6% in their pensions depending on how long they have been retired.
- Members who retired in 2009 will get their first COLA increase and it will be 1.6%, the rate of inflation in 2010.
- Members who retired in 2008 will get a slightly smaller increase – only 1.28% – due to the negative inflation (deflation) in 2009. In effect, these retirees have suffered less cumulative inflation than the members who retired in 2009. Due to the negative inflation, these retirees did not get an increase last year but their benefits were not reduced.
- Members who retired in 2007 or 2008 will get an increase that is at least 1.64% but less than 2% since that is all that is required to bring them up to full inflation protection.
- Members who retired prior to 2007 will get a 2% COLA increase unless their employer has contracted for a higher level of COLA.

2011 COLA AT-A-GLANCE

Year of Retirement	% COLA increase
2005 & earlier	2%
2006-2007	slightly <2%
2008	1.28%
2009	1.64%
2010	Not eligible